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Whole Milk Powder - Oceania

Report 43 - Released on October 22, 2020

The Oceania whole milk powder price range is mixed, with a slight increase at the low end and a slight decrease at the high end. The price adjustment is negligible. New Zealand dairy manufacturers and buyers tend to expect WMP markets in the near term to be generally steady. It is noted that this week's GDT offering volumes match previous forecasts which contributed to slight price movement.

Looking ahead, observers say that volumes previously planned for spring 2021 sale will be shifted to December and January contracts. This is being done to better meet market demand cycles. Seasonal GDT offering volumes are currently anticipated to peak in November.

Many analysts expect WMP prices to be steady to slightly higher in the short term. Underlying this view is concern about weather turning dry, coupled with moving beyond the peak production period. Those factors drive the pricing projection. Prices easing below \$3,000 in early 2021 would not surprise these analysts. Substantial seasonal WMP inventory has already shipped out of New Zealand. As stocks decline in line with lower seasonal production, some manufacturers expect pricing to strengthen again by Q3 of 2021. At least, that assumption is in play in contracting negotiations.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 2,975 - 3,100

Information for the period October 12 - 23, 2020, issued biweekly

Secondary Sourced Information:

Seasonal SMP exports from Australia July - August 2020, 13,368 MT, increased 27.4 percent from July - August 2019 according to Dairy Australia.

WMP exports from New Zealand January - August 2020, 228,000 MT, decreased 5.7 percent from January - August 2019 according to CLAL data made available to USDA.

At GDT event 270 on October 20, the WMP all contracts price, \$3,037, increased 0.3 percent. The November contract was \$3,100.

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